

ANNUAL REPORT 1947



BOARD

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD COMPANY

MR. E.
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Annual report

OF THE

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE
RAILROAD COMPANY

FOR THE YEAR ENDED

DECEMBER 31

1947



MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD COMPANY

DIRECTORS

- HENRY E. ATWOOD.....Minneapolis, Minn.
President, First National Bank of Minneapolis
- JOHN E. BLUNT.....Chicago, Illinois
*Formerly Vice President, Continental Illinois National
Bank and Trust Company of Chicago*
- *JOSEPH CHAPMAN.....Minneapolis, Minn.
Trustee, Farmers and Mechanics Savings Bank of Minneapolis
- PAUL V. EAMES.....Minneapolis, Minn.
President, Shevlin, Carpenter & Clark Company
- *HORACE C. GROUT.....Minneapolis, Minn.
President, M. St. P. & S. S. M. Railroad Company
- FRANK T. HEFFELFINGER.....Minneapolis, Minn.
Chairman of the Board, F. H. Peavey & Company
- *CLIVE T. JAFFRAY.....Minneapolis, Minn.
Chairman, First Bank Stock Corporation
- HENRY S. KINGMAN.....Minneapolis, Minn.
President, Farmers and Mechanics Savings Bank of Minneapolis
- HENRY LALIBERTE.....Duluth, Minn.
President, Cutler Magner Company
- *HENRY S. MITCHELL.....Minneapolis, Minn.
Counsel, Canadian Pacific Railway Company
- W. M. NEAL, C.B.E.,.....Montreal, Que.
Chairman & President, Canadian Pacific Railway Company
- COLA G. PARKER.....Neenah, Wisconsin
President, Kimberly-Clark Corporation
- JOHN S. PILLSBURY.....Minneapolis, Minn.
Chairman of the Board, Pillsbury Mills, Inc.
- *HOMER B. VANDERBLUE.....Evanston, Illinois
*Professor of Business Economics & Dean, School of Commerce,
Northwestern University*
- G. W. WEBSTER.....Minneapolis, Minn.
Formerly President, M. St. P. & S. S. M. Railway Company
- *Member of Executive Committee

GENERAL OFFICES
FIRST NATIONAL-SOO LINE BUILDING
MINNEAPOLIS, MINNESOTA

OFFICERS

President.....	H. C. GROUT.....	Minneapolis
Vice President and General Counsel.....	J. L. HETLAND.....	"
Vice President.....	C. S. POPE.....	"
Secretary and Asst. to the President.....	J. C. PETERSON.....	"
Treasurer.....	C. H. BENDER.....	"
Assistant Secretary.....	M. J. TRACY.....	"
Assistant Treasurer.....	W. LEICESTER.....	"
General Traffic Manager.....	W. W. KREMER.....	"
Comptroller.....	J. B. DONNELLY.....	"
General Manager.....	R. L. SIMPSON.....	"
Industrial and Real Estate Commissioner.....	R. S. CLAAR.....	"

**MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE
RAILROAD COMPANY**

TRANSFER AND FISCAL AGENTS

FIRST MORTGAGE BONDS

TRANSFER AGENTS:

The Northern Trust Company
50 S. La Salle Street, Chicago 90, Ill.

Bank of Montreal Trust Company
64 Wall Street, New York 5, N. Y.

FISCAL AGENTS:

The Northern Trust Company
50 S. La Salle Street, Chicago 90, Ill.

Agency, Bank of Montreal
64 Wall Street, New York 5, N. Y.

GENERAL MORTGAGE BONDS

TRANSFER AND FISCAL AGENTS:

Harris Trust and Savings Bank
115 W. Monroe Street, Chicago 90, Ill.

Central Hanover Bank and Trust Company
70 Broadway, New York 15, N. Y.

COMMON SHARES

TRANSFER AND PAYING AGENT

Bank of New York
48 Wall Street, New York 15, N. Y.

REGISTRAR:

Central Hanover Bank and Trust Company
70 Broadway, New York 15, N. Y.

ANNUAL SHAREHOLDERS MEETING

Third Tuesday in May at Minneapolis, Minn.

TO THE SHAREHOLDERS:

The year produced record gross revenues and near record tonnage, but a net income of only \$1,183,000, after deduction for all interest and sinking fund requirements under the Company's mortgages. Wages and the costs of fuels and materials necessary to the operation of the road together with taxes were very substantially increased. On the other hand, crop production in the territory served by the lines of the railroad was above average and increases in rates were granted in the latter part of the year by the Interstate Commerce Commission which will tend to offset increased costs.

A condensed income statement showing the results of operations for the year 1947, together with comparisons for the year 1946, follows:

	1947	1946
Railway Operating Revenues	\$32,888,486	\$28,266,905
Railway Operating Expenses	26,888,587	24,886,012
Net Revenue from Railway Operations	5,999,899	3,380,893
Net Tax Accruals, Equipment Rents and Joint Facility Rents—Dr.	3,966,720	2,362,825
Net Railway Operating Income	2,033,179	1,018,068
Other Income Less Miscellaneous Deductions	154,616	231,337
Income Available for Fixed and Contingent Charges	2,187,795	1,249,405
Fixed Charges	4,557	4,747
Income after Fixed Charges	2,183,238	1,244,658
Interest on First Mortgage Bonds	292,673	355,533
Balance	1,890,565	889,125
Interest on General Mortgage Bonds	606,920	634,292
Sinking Fund—General Mortgage	100,645	100,645
Net Income	\$ 1,183,000	\$ 154,188

REVENUES

FREIGHT REVENUES amounted to \$29,161,330 in 1947 as compared to \$24,543,962 in 1946, an increase of \$4,617,368 or 18.81%. A detailed statement of traffic handled classified by principal commodities will be found on page 20.

It is estimated that the 1947 grain crop produced in this company's territory amounted to 65,252,000 bushels as compared with a yield of 58,868,000 in 1946 or an increase of 10.84%. As of December 31, 1947 it is estimated that there remained in country elevators and on farms along the line approximately 30,100,000 bushels as compared with 29,435,000 at December 31, 1946.

Iron ore shipments moved by this company from the Cuyuna Range to the Superior Ore Dock amounted to 1,104,975 long tons in 1947 as compared with 839,296 long tons moved in 1946, an increase of 31.65%.

In addition to increased freight revenues resulting from greater tonnage of grain and iron ore, it is estimated that increased freight rates, which became effective on January 1, 1947, produced additional revenues amounting to \$2,992,000. A further increase in freight rates, allowed by the Interstate Commerce Commission on October 6, 1947, resulted in approximately \$590,000 in additional revenue.

PASSENGER REVENUES amounted to \$1,580,086, a decrease of \$165,198 or 9.47% as compared with 1946, because of less local traffic, although there was an increased movement of summer tourist travel to and from the Canadian Rockies and the Pacific Coast.

MAIL REVENUES increased to \$831,318 in 1947 from \$653,354 in 1946 or 27.24%. This increase was principally due to an accrual of \$146,193 resulting from a temporary increase in mail rates of 25%, authorized by the Interstate Commerce Commission in December 1947, retroactive to February 19, 1947. The increase was granted as a measure of interim relief and is to remain in effect, although under current attack by the United States Post Office Department, until the Interstate Commerce Commission passes upon pending railroad applications for a permanent advance of 45%.

EXPRESS REVENUES amounted to \$351,835, a decrease of \$21,538 or 5.77%. Although several increases in express rates were authorized during the year, a decrease in volume more than offset the gains from the higher rates.

ALL OTHER REVENUES increased to \$963,917 in 1947 from \$950,932 in 1946 or 1.37%. Increases in Switching, Telegraph and Telephone, Ore Dockage and Other Miscellaneous Revenues were more than sufficient to offset decreases in revenue from Milk, Other Passenger Train Service and Demurrage.

EXPENSES

RAILWAY OPERATING EXPENSES amounted to \$26,888,587 as compared with \$24,886,012 in 1946 an increase of \$2,002,575, due to increased costs of labor, material and supplies. Approximately \$657,690 is attributable to wage awards.

MAINTENANCE OF WAY EXPENSES increased \$367,397 or 6.55%. This increase, in addition to wage awards, was chiefly attributable to the increase in cost of material and supplies offset in part, however, by a reduction in charges for snow removal which decreased \$50,715 or 17.41%.

MAINTENANCE OF EQUIPMENT EXPENSES increased \$443,555 or 9.10%. This increase resulted from wage awards and higher cost of materials and supplies.

TRAFFIC EXPENSES increased \$95,416 or 16.62% due principally to wage awards. Exclusive freight agencies were established at Seattle, Portland, Philadelphia and San Francisco to replace joint solicitation formerly in effect with the Canadian Pacific Railway in those territories.

TRANSPORTATION EXPENSES increased \$987,616 or 7.72%, as the result of increases in cost of fuel and other material and supplies and wage awards. Variations in certain operating factors are shown on page 25.

Tons carried one mile increased to 2,621,768,500 from 2,540,980,921 or 3.18% as compared with an increase in freight-train miles of 1.62%.

Passengers carried one mile decreased to 85,779,800 from 94,698,406 or 9.42% as compared with a decrease in passenger-train miles of .36%.

GENERAL EXPENSES increased \$75,438 or 8.76% principally due to wage awards.

RAILWAY TAX ACCRUALS for the year 1947 amounted to \$3,566,226 as compared with \$2,066,068 for the year 1946, an increase of \$1,500,158 or 72.61%, the details of which are shown on page 15.

Railroad Retirement Taxes increased principally as a result of the increase in tax rate from 3.5% to 5.75% provided under the Crosser Act effective January 1, 1947 together with increased wages on which the tax was applicable. The same Unemployment and Railroad Retirement tax rates continue in effect during the year 1948.

State and local taxes were higher due to increases in tax rates in some states and greater gross income assignable to the State of Minnesota on which a gross earnings tax of 5% is assessed.

EQUIPMENT RENTS for the year 1947 amounted to a net charge of \$186,243 as compared with \$70,412 in 1946, an increase of \$115,831 or 164.50%. There was a substantial increase in rentals collected from foreign lines for use of this Company's freight cars which, however, was more than offset by the increased rentals paid for use of equipment owned by others. Freight car per diem rates were increased from \$1.15 per day to \$1.25 per day, effective June 1, 1947 and further increased to \$1.50 per day effective September 1, 1947. Mileage rates on certain classes of refrigerator cars were increased from 2½ to 3 cents per mile effective January 1, 1947.

JOINT FACILITY RENTS. Net charges for the year amounted to \$214,251 as compared with \$226,345 for 1946, a decrease of \$12,094 or 5.34%.

PROPERTY INVESTMENT

There was a net increase of \$1,159,184 during the year in the investment in Road and Equipment accounts as follows:

	Road	Equipment	Total
Expenditures for Additions and Betterments	\$719,322	\$1,223,897	\$1,943,219
Less: Retirements	163,011	621,024	784,035
Net	\$556,311	\$ 602,873	\$1,159,184

The chief items were:

Bridge renewals and filling	\$120,200
Improvements of and additions to shop and engine terminal facilities	85,528
Purchase of miscellaneous shop tools and machinery	38,413
Purchase of miscellaneous roadway machines	33,354
Widening various cuts and ditching	12,951
Additional company side and yard tracks	38,693
Relaying of rail in main track, new 90 pound rail replacing 60, 80, and 85 pound rail, 36.86 miles	75,162
Relaying of rail in main track with second-hand rail, 10.70 miles	19,581
Additions and improvements to station and office buildings	61,594
Additions and improvements to water stations	15,198
Construction of and additions to Diesel fuel stations	28,543
Additional tie plates and rail anchors	97,861
Install flashing light signals, gates, etc. at highway crossings	11,326
Purchase 1 Diesel-electric 3000 horsepower road type locomotive	283,333
Purchase 6 Diesel-electric 1500 horsepower road-switch locomotives	786,657
Application of "AB" brake equipment to 842 freight-train cars	92,057
Modernization of 8 passenger coaches	14,632

Six of the eight combination road-switch Diesel-electric 1500 horsepower locomotives referred to in the report for 1946 were delivered in 1947 the other two being received this year so all are now in service. Orders for ten road Diesel-electric 3000 horsepower locomotives for main line freight service were placed in 1947, of which one was received in 1947 and two in 1948. It is expected that the remaining units on this order will be received by July, 1948.

REDUCTION IN DEBT

Long term debt was reduced by \$2,237,530 during the year. First Mortgage Bonds and General Mortgage Bonds in the principal amounts of \$1,474,630 and \$573,900, respectively, were purchased by the company during the year and are being held in the treasury. In addition General Mortgage Bonds in the principal amount of \$189,000 were acquired and cancelled by the Mortgage Trustee through the operation of the sinking fund.

Interest accruals were reduced \$90,232 as compared to the previous year.

Since reorganization of the Company on September 1, 1944, the amount of First Mortgage Bonds outstanding has been reduced \$1,665,700 or 20.69% and General Mortgage Bonds \$4,763,000 or 23.66%.

DIVIDEND

On February 17, 1948, the Board of Directors declared a dividend of \$1.00 per share on the stock of this Company, amounting to \$719,104, payable on April 1, 1948 to holders of record as of the close of business on March 15, 1948. In declaring this dividend the Board gave due consideration to the past and prospective earnings of the company, its cash position, its outstanding mortgage indebtedness, and its future financial requirements so far as could be determined including possible tax, land grant reclaim and other liabilities.

VOTING TRUST

On December 17, 1947, the Voting Trustees under the Voting Trust Agreement dated September 1, 1944, relating to the Common Stock of this Company unanimously agreed to terminate said Trust, effective December 31, 1947. Hereafter all shareholders of record will be entitled to exercise voting privileges at the annual meetings. Holders of Voting Trust Certificates who have not already done so should immediately send their certificates to the Bank of New York to be exchanged for shares of Common Stock in order to receive the dividend payable on April 1, 1948.

WAGE INCREASES

On March 25, 1947, the seventeen non-operating Railway labor organizations served a request for a 20c hourly increase upon the railroad carriers of the country. When no settlement could be reached through negotiations, the parties to the dispute agreed to submit the case to an arbitration board for

final decision. On September 2, 1947, the Board made an award of 15½ cents per hour increase, effective September 1, 1947. It is estimated that this award, together with similar increases to other non-operating employees not included in the seventeen unions, but exclusive of added payroll taxes, cost the Company approximately \$590,890 during the last four months of 1947 and will cost, on an annual basis, approximately \$1,754,800.

On June 20, 1947, five Brotherhoods representing Train, Yard and Engine service employees presented demands for changes in forty-four working rules, almost identical with similar demands made July 24, 1945 that led to the railroad strike in May 1946. On September 30, 1947, these Brotherhoods presented further demands, in addition to those presented in June, for a 30% increase in wages with a minimum increase of \$3 per day. When negotiations failed, the case was presented to the National Mediation Board for further handling, as provided for in the Railway Labor Act. On November 14, 1947, settlement was reached with representatives of the Order of Railway Conductors and the Brotherhood of Railroad Trainmen, which, on this railroad, includes the yardmen, providing for a 15½ cent per hour pay increase retroactive to November 1, 1947, and also providing for changes in certain working rules effective January 1, 1948. It is estimated that this settlement, exclusive of payroll taxes, amounted to approximately \$66,800 for November and December, 1947, and will cost, on an annual basis, approximately \$432,200, without giving effect to added payroll taxes or increases that may be caused by rule changes. At the same time a similar settlement was offered to the other Train Service Brotherhoods which was rejected. On January 15, 1948, the National Mediation Board, after suggesting arbitration which was agreed to by the carriers but declined by the organizations, announced that their best efforts to bring about a settlement had failed. A strike was called for February 1, 1948. On January 27, 1948, the President of the United States created an Emergency Board under Section 10 of the Railway Labor Act. This action forestalled the strike during the period in which the Emergency Board functioned and for thirty days thereafter, to allow for consideration of the recommendations of the Board, which recommendations are not, however, mandatory. The Board, on March 27, 1948 recommended a 15½ cent hourly increase, retroactive to November 1, 1947, together with some changes in working rules. If the engineers and firemen accept the Emergency Board's recommendations, it is estimated that the additional cost to this Company, on an annual basis, will amount to approximately \$269,400 with no allowance given for additional payroll taxes or increases resulting from rule changes. With the same exclusions, the increase applicable to November and December 1947, would be approximately \$45,500.

The total annual cost of these wage increases already granted to non-operating employees, conductors and trainmen, together with those recommended by the Board, is estimated to be \$2,456,400, exclusive of payroll taxes and additional wage costs due to changes in working rules.

RATE INCREASES

Due to increased costs of operation resulting from the continuing rise in costs of wages, fuel, material and other supplies, the railroads petitioned the Interstate Commerce Commission on July 3, 1947 for percentage increases in

freight rates of 25% on traffic affecting the eastern territory and 15% on traffic other than that affecting the eastern territory with certain commodities limited by maximum rates and specific increases. On September 5, 1947, due to further increases in wages and costs, the petition for increased rates was raised by 13 percentage points, with a plea for an immediate temporary increase of 10 percent. The petition was further increased on December 3, 1947 by 3 percentage points because of still higher wages and costs, the request then totalling a 41% increase in lieu of the original 25% and 31% in lieu of 15%. The percentage increases will not apply on the total traffic handled by this Company by reason of the maximums and specific increases applicable to certain commodities. Hearings commenced on September 9, 1947 and on October 6 an interim increase of 10% in rates, with some exceptions was allowed. The rates on coal and coke increased 10 cents per ton but no increase was allowed on upper lake ore. As no exception was made in the rates on grain, this commodity was accorded the full percentage increase. Subsequently substantial increases on intrastate traffic were authorized by the various State commissions. It is estimated that these interim increases provided additional freight revenue to this Company of approximately \$590,000 from the effective date to the close of the year. On December 29, 1947, the Interstate Commerce Commission increased the interim rate increase from 10 percent to 20 percent, with, however, some additional exceptions over those excluded in the increase allowed on October 6, 1947, but nevertheless not excluding rates on grain from the percentage increase. This latest increase was effective January 5, 1948, other than on grain and grain products which became effective on January 15, 1948 and will continue until June 30, 1948 unless sooner superseded by Commission action on the carriers' proposal for permanent increases. The State commissions have, in most cases, allowed similar increases in intrastate rates. Due to the impracticability of accurately forecasting the movement of freight traffic by commodities and routing, no attempt has been made, at this date, to translate the foregoing increases, expressed in terms of percentages limited by maximums and specific increases on certain commodities, into monetary amounts representing future increases in freight revenues.

As noted in the report for the year 1946 an appeal was taken to the United States Supreme Court in connection with the ultimate application of a uniform level of class rates east of the Rocky Mountains and a uniform classification. This appeal was lost as the Supreme Court on May 12, 1947 handed down a decision upholding the order of the Interstate Commerce Commission. The temporary injunction against this order was vacated and the carriers are currently in the process of establishing a uniform classification.

By authorization of the Interstate Commerce Commission, effective June 1, 1947, one way intermediate passenger fares were increased from 2.475 cents per mile to 2.75 cents per mile and round trip first class fares were increased from one and one-half times the one way fare to one and two-thirds times the one way fare. Effective December 18, 1947, one way first class passenger fares were increased from 3.3 cents per mile to 3.5 cents per mile and one way intermediate passenger fares were further increased to 3.0 cents per mile. On February 10, 1948, the Interstate Commerce Commission authorized an increase in the coach class one way fare from 2.2 cents per mile to 2.5 cents per mile, effective March 1, 1948.

The Interstate Commerce Commission on September 9, 1947 authorized increases in sleeping car rates ranging up to 48.9% on fares in the lower brackets. These increases became effective on October 9, 1947.

CANADIAN PACIFIC RAILWAY

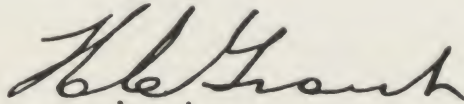
An agreement has been consummated with the Canadian Pacific Railway whereby effective May 1, 1948, Eastbound freight traffic from Western territory, which has been received from the Canadian Pacific at Noyes, Minnesota since July 1, 1940, will be delivered to this Company at Portal, North Dakota. This arrangement restores the short route which had been in existence for many years prior to 1940 and provides for a division of the joint savings resulting from the shorter mileage on a basis mutually advantageous to both companies.

WISCONSIN CENTRAL RAILWAY

Mr. E. A. Whitman, one of the Trustees of the Wisconsin Central Railway Company, died on August 4, 1947, and Mr. E. F. Zelle, the Co-Trustee, was appointed by the Court as sole Trustee. This Company continues to operate the Wisconsin Central properties as agent for the Trustee with the approval of the Court and pursuant to the Operating Agreement, as amended, and the revised Schedule of Bases made effective July 1, 1943.

Appreciative recognition is due the officers and employees for their loyal and conscientious efforts throughout the year.

FOR THE BOARD OF DIRECTORS,

A handwritten signature in dark ink, appearing to read "H. E. Frank". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

President.

Minneapolis, Minnesota,
April 12, 1948



One of the new road-switch Diesel-electric locomotives. Opening the throttle, this Soo Line engineer starts his run.

Road locomotive attaching to a made-up train.



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INCOME ACCOUNT

	Year 1947	Year 1946	Increase or Decrease
RAILWAY OPERATING REVENUES:			
Freight Revenue	\$ 29,161,330	\$ 24,543,962	\$4,617,368
Passenger Revenue	1,580,086	1,745,284	165,198
All Other Revenue	2,147,070	1,977,659	169,411
Total Railway Operating Revenues	32,888,486	28,266,905	4,621,581
RAILWAY OPERATING EXPENSES:			
Maintenance of Way and Structures	5,976,227	5,608,830	367,397
Maintenance of Equipment	5,318,554	4,874,999	443,555
Traffic	669,423	574,007	95,416
Transportation	13,782,952	12,795,336	987,616
Miscellaneous	204,603	171,450	33,153
General	936,828	861,390	75,438
Total Railway Operating Expenses	26,888,587	24,886,012	2,002,575
Net Revenue from Railway Operations	5,999,899	3,380,893	2,619,006
Railway Tax Accruals	3,566,226	2,066,068	1,500,158
Railway Operating Income	2,433,673	1,314,825	1,118,848
Equipment Rents—Net Dr.	186,243	70,412	115,831
Joint Facility Rents—Net Dr.	214,251	226,345	12,094
Net Railway Operating Income	2,033,179	1,018,068	1,015,111
Other Income	309,344	268,267	41,077
Total Income	2,342,523	1,286,335	1,056,188
Miscellaneous Deductions from Income	154,728	36,930	117,798
Income Available for Fixed and Contingent Charges	2,187,795	1,249,405	938,390
FIXED CHARGES:			
Rent for Leased Road and Equipment	1,569	1,718	149
Interest on Unfunded Debt	905	698	207
Amortization of Discount on Funded Debt	2,083	2,331	248
Total Fixed Charges	4,557	4,747	190
Income after Fixed Charges	2,183,238	1,244,658	938,580
CONTINGENT CHARGES:			
Interest on First Mortgage Bonds	292,673	355,533	62,860
Interest on General Mortgage Bonds	606,920	634,292	27,372
Sinking Fund—General Mortgage	100,645	100,645	.....
Total Contingent Charges	1,000,238	1,090,470	90,232
Net Income	\$ 1,183,000	\$ 154,188	\$1,028,812

	Year 1947	Year 1946
Times Earned:		
Interest on First Mortgage Bonds	7.5	3.5
Interest on General Mortgage Bonds	3.1	1.4
Sinking Fund—General Mortgage	12.8	2.5
Net Income:		
Per share	\$1.64	\$.21

EARNED SURPLUS ACCOUNT

As of December 31, 1947

EARNED SURPLUS—APPROPRIATED:

Applicable to period prior to September 1, 1944:

Appropriated for Capital Fund	\$ 500,000	
Appropriated for Sinking Fund	369,032	
Appropriated for Retirement of Funded Debt	1,184,623	
Amount at December 31, 1947		\$ 2,053,655

Applicable to period subsequent to September 1, 1944:

Appropriated for Sinking Fund:		
Amount at December 31, 1946	\$ 234,838	
Accrual—Year 1947	100,645	
Amount at December 31, 1947		335,483
Total Earned Surplus—Appropriated		<u>\$ 2,389,138</u>

EARNED SURPLUS—UNAPPROPRIATED:

Applicable to period prior to September 1, 1944:

Amount at December 31, 1946	\$10,495,106	
Appropriated for Retirement of Funded Debt	1,184,623	
Amount at December 31, 1947		\$ 9,310,483

Applicable to period subsequent to September 1, 1944:

Amount at December 31, 1946	\$ 2,492,353	
Less Dividend of \$1.00 per share, payable April 1, 1947, declared from the earnings for the period from September 1, 1944 to December 31, 1946	719,104	
		\$ 1,773,249

Profit and Loss Account—Year 1947:

Net Income	\$1,183,000	
Credits from Bonds retired	491,633	
Miscellaneous Credits	3,214	
Total Credits	1,677,847	
Deduct:		
Miscellaneous Debits	3,191	
Net Additions to Surplus for Year 1947	\$ 1,674,656	
Amount at December 31, 1947		3,447,905
Total Earned Surplus—Unappropriated		<u>\$12,758,388</u>

RAILWAY TAX ACCRUALS

	Year	Year	Increase or Decrease	Per
	1947	1946	Amount	Cent
Railroad Retirement	\$ 907,030	\$ 522,612	\$ 384,418	73.56
Railroad Unemployment	473,433	447,950	25,483	5.69
Federal Income Tax	845,000	20,934	865,934	.....
State, Local and Other	1,340,763	1,116,440	224,323	20.09
Total	\$3,566,226	\$2,066,068	\$1,500,158	72.61

COMPARATIVE GENERAL

	ASSET SIDE		
	Dec. 31, 1947	Dec. 31, 1946	Increase or Decrease
INVESTMENTS:			
Road and Equipment Property:			
Road.....	\$103,587,873	\$103,031,562	\$ 556,311
Equipment.....	26,523,524	25,920,651	602,873
Total.....	130,111,397	128,952,213	1,159,184
Less:			
Acquisition adjustment.....	16,510,829	16,510,829	.....
Donations and grants.....	10,358	7,887	2,471
Accrued depreciation—road.....	9,619,050	9,192,429	426,621
Accrued depreciation equipment.....	17,804,866	17,459,181	345,685
Accrued amortization of Defense Projects— equipment.....	3,210,070	3,213,245	3,175
Total.....	47,155,173	46,383,571	771,602
Net.....	82,956,224	82,568,642	387,582
Deposits with Mortgage Trustees.....	78,581	76,102	2,479
Miscellaneous physical property.....	211,630	170,194	41,436
Investments in affiliated companies: (See page 19)			
Stocks—Pledged under First Mortgage.....	260,375	260,375	.....
Stocks—Pledged under Gen'l Mortgage.....	900,000	900,000	.....
Advances.....	421,866	389,031	32,835
Other Investments: (See page 19)			
U. S. Government Bonds (long term).....	4,000,000	4,000,000	.....
Miscellaneous.....	5,428	7,538	2,110
Total Investments.....	88,834,104	88,371,882	462,222
CURRENT ASSETS:			
Cash.....	4,058,606	4,763,675	705,069
U. S. Government securities (short term).....	8,109,000	8,425,000	316,000
Held for land grant deductions.....	650,000	700,000	50,000
Special Deposits:			
For interest and other obligations.....	89,330	96,653	7,323
Employees' Income Tax and War Bonds.....	314,854	189,225	125,629
For distribution to holders of First Con- solidated Bonds of Predecessor Company ..	29,282	40,271	10,989
Other special deposits.....	293	293	.....
Agents and conductors' balances.....	711,360	585,811	125,549
Miscellaneous accounts receivable.....	987,894	743,670	244,224
Material and supplies.....	4,768,312	3,459,778	1,308,534
Interest and dividends receivable.....	187,827	81,586	106,241
Accrued accounts receivable.....	378,182	397,106	18,924
Other current assets.....	69,422	35,727	33,695
Total.....	20,354,362	19,518,795	835,567
DEFERRED ASSETS:			
Working fund advances.....	18,764	20,929	2,165
Other deferred assets.....	849,015	568,227	280,788
Total.....	867,779	589,156	278,623
UNADJUSTED DEBITS:			
Prepayments.....	23,344	29,506	6,162
Discount on funded debt.....	62,515	72,359	9,844
Other unadjusted debits.....	452,725	377,450	75,275
Total.....	538,584	479,315	59,269
GRAND TOTAL.....	\$110,594,829	\$108,959,148	\$1,635,681

BALANCE SHEET

LIABILITY SIDE

	Dec. 31, 1947	Dec. 31, 1946	Increase or Decrease
CAPITAL STOCK:			
719,104 common shares of no par value stated at \$86.50 per share.....	\$ 62,202,496	\$ 62,202,496	\$
LONG-TERM DEBT:			
First Mortgage, 4½%, Cumulative Income Bonds, Series A, 1-1-71	6,386,000	7,860,630	1,474,630
Issued.....\$10,000,000			
Held in Treasury.....3,614,000			
Gen'l Mortgage, 4%, Income Bonds, Series A, 1-1-91.....	15,366,000	16,128,900	762,900
Issued.....\$20,129,000			
Retired through Sinking Fund. 1,261,100			
Held in Treasury.....1,501,900			
Retired by Company.....2,000,000			
Total.....	21,752,000	23,989,530	2,237,530
CURRENT LIABILITIES:			
Traffic and car-service balances	101,067	14,866	86,201
Audited accounts payable.....	1,345,485	930,075	415,410
Wages payable.....	2,222,697	1,949,010	273,687
Miscellaneous accounts payable.....	1,101,101	765,556	335,545
Interest matured unpaid.....	991,344	1,095,464	104,120
Accrued accounts payable.....	987,070	768,048	219,022
Taxes accrued.....	2,103,412	1,018,822	1,084,590
Trustees, Wisconsin Central Railway Co.....	633,885	326,056	307,829
Other current liabilities.....	394,095	372,309	21,786
Total.....	9,880,156	7,240,206	2,639,950
DEFERRED LIABILITIES			
	652,583	576,890	75,693
UNADJUSTED CREDITS:			
Reserve for land grant deductions.....	649,542	700,000	50,458
Other unadjusted credits.....	310,032	158,602	151,430
Accrued depreciation—leased property.....	399	.....	399
Total.....	959,973	858,602	101,371
SURPLUS:			
Unearned surplus.....	95	95	.....
Earned surplus—Appropriated (see page 15)....	2,389,138	1,103,870	1,285,268
Earned surplus—Unappropriated (see page 15)...	12,758,388	12,987,459	229,071
Total.....	15,147,621	14,091,424	1,056,197
GRAND TOTAL	\$110,594,829	\$108,959,148	\$1,635,681

NOTE: In accordance with Minnesota Law, Earned Surplus at September 1, 1944 in the amount of \$11,364,138 is designated as "Paid-in Surplus."

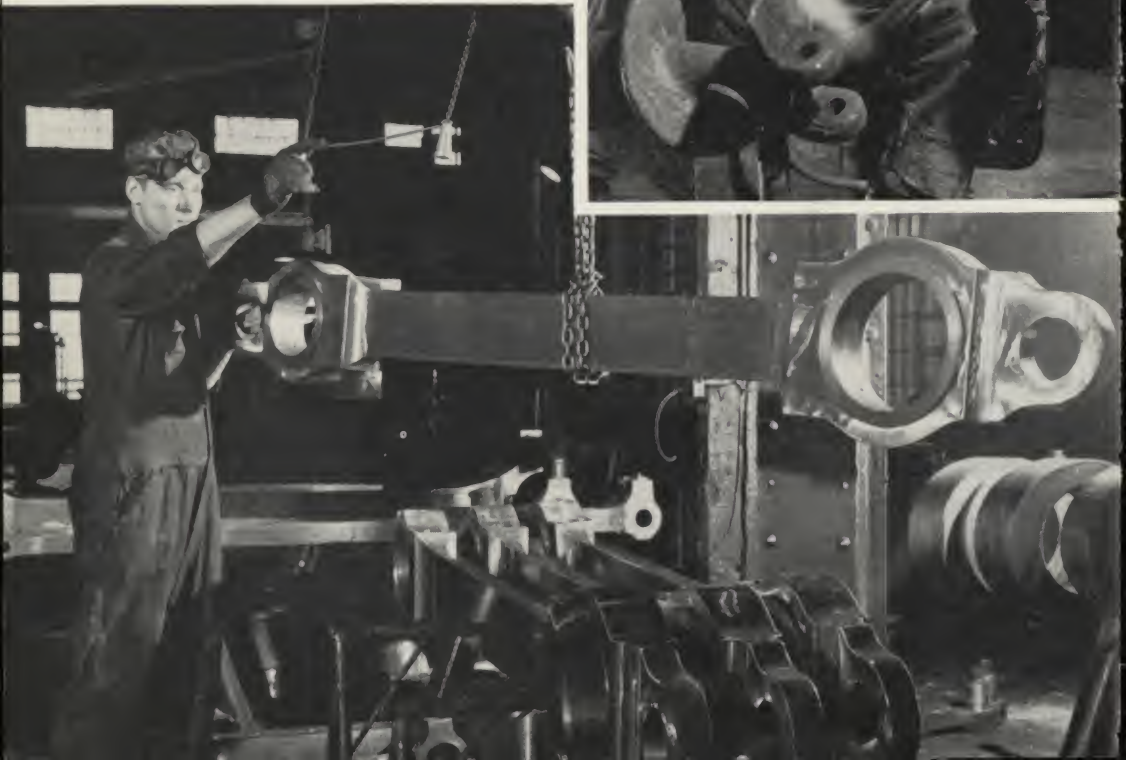
This Company is jointly and severally liable, with seven other owner railroads, for the principal and interest on \$14,017,000 of First and Refunding Mortgage 3½% Bonds Series "B" of The Saint Paul Union Depot Company. Interest has been paid by The Saint Paul Union Depot Company on these Bonds as it matured.



Giant lathes finish the treads on locomotive tires at the Shoreham Shops.

Welder—reclaiming part of a locomotive stoker mechanism—typical of the continual checking and repair service.

Precision tooled locomotive connecting rods ready for installation at Shoreham Shops.



INVESTMENTS IN AFFILIATED COMPANIES

	Number of Shares	Par Value	Book Value	
			Dec. 31, 1947	Dec. 31, 1946
STOCKS—Pledged under First Mortgage:				
Sainte Marie Union Depot Co.....	375	\$ 37,500	\$ 37,500	\$ 37,500
Sault Ste. Marie Bridge Co.....	2,500	250,000	500	500
Minnesota Transfer Railway Co.....	913	91,300	91,300	91,300
The Saint Paul Union Depot Co.....	1,036	103,600	130,475	130,475
Railway Express Agency, Inc.....	6	No Par	600	600
TOTAL.....		482,400	260,375	260,375

STOCKS—Pledged under General Mortgage:				
Tri-State Land Co. (See Note).....	25,000	\$ 2,500,000	900,000	900,000

ADVANCES—All Other:				
Sainte Marie Union Depot Co.....			26,790	26,790
Minnesota Transfer Ry.—Sinking Fund.....			25,555	23,333
Minnesota Transfer Ry.—Diesels.....			26,443	25,137
Minnesota Transfer Ry.—Working Fund.....			6,440	
Railway Express Agency, Inc.....			164,684	155,078
Sault Ste. Marie Bridge Co.—U. S. Funds.....			17,552	9,732
Sault Ste. Marie Bridge Co.—Canadian Funds.....			4,383	4,383
Tri-State Land Co.....			133,630	133,630
The St. Paul Union Depot Co.....			16,389	10,948
TOTAL.....			\$ 421,866	\$ 389,031

OTHER INVESTMENTS

	Number of Shares	Par Value	Book Value	
			Dec. 31, 1947	Dec. 31, 1946
BONDS:				
United States Treasury Bonds—Long Term		\$ 4,000,000	\$4,000,000	\$4,000,000

STOCKS:				
Wisconsin Central Ry. Co. Common.....	103,595	10,359,500	1	1

OTHER SECURED OBLIGATIONS:				
Real Estate Sales Contracts.....		5,425	5,425	7,535

ADVANCES:				
Wisconsin Central Ry. Co. (prior to Receivership)....		\$ 7,050,087	1	1
Central Terminal Ry. Co.....			1	1
TOTAL.....			\$ 2	\$ 2

NOTE: The equity of the Company in the net worth (capital stock and surplus) of the Tri-State Land Company, a solely owned subsidiary, has been written down on the Soo Line books to the estimated value as determined by appraisal as of September 1, 1944. The amount of this equity is \$900,000 as shown under the column headed "Book Value." The net worth of that company as reflected on its books at December 31, 1947 is \$1,463,483 without provision for impairment of asset values, and the net result for the year 1947 was a net income of \$508.

OPERATING REVENUES

	Year 1947	Year 1946	Increase or Amount	Decrease Per Cent
FREIGHT REVENUE:				
Products of Agriculture:				
Grain	\$ 9,031,065	\$ 7,303,928	\$ 1,727,137	23.65
Flour	156,768	131,555	25,213	19.17
Potatoes	225,185	296,385	71,200	24.02
All Other	1,245,427	1,274,248	28,821	2.26
Total	10,658,445	9,006,116	1,652,329	18.35
Animals and Products:				
Cattle and Calves	264,178	311,284	47,106	15.13
Hogs	30,295	37,210	6,915	18.58
Butter	81,827	64,621	17,206	26.63
All Other	421,815	402,354	19,461	4.84
Total	798,115	815,469	17,354	2.13
Products of Mines:				
Bituminous Coal	1,176,578	1,184,894	8,316	.70
Lignite Coal	548,836	543,581	5,255	.97
Iron Ore	1,229,721	1,012,134	217,587	21.50
Petroleum Crude	1,085,547	1,070,662	14,885	1.39
All Other	855,699	672,300	183,399	27.28
Total	4,896,381	4,483,571	412,810	9.21
Products of Forests:				
Posts, Poles and Piling	290,530	255,167	35,363	13.86
Pulpwood	1,149,207	1,067,222	81,985	7.68
Lumber, Shingles and Lath	1,207,319	1,073,625	133,694	12.45
All Other	477,875	377,559	100,316	26.57
Total	3,124,931	2,773,573	351,358	12.67
Manufactures and Miscellaneous:				
Gasoline and Petroleum Oils, refined	1,192,158	1,377,970	185,812	13.48
Fuel and Road Oils, etc.	414,657	295,143	119,514	40.49
Manufactured Iron and Steel	301,421	205,632	95,789	46.58
Cement, building	328,298	255,728	72,570	28.38
Agricultural Implements and Parts	292,408	165,391	127,017	76.80
Fertilizers	139,841	190,487	50,646	26.59
Newsprint Paper	747,066	571,418	175,648	30.74
All Other	4,640,425	3,111,268	1,529,157	49.15
Total	8,056,274	6,173,037	1,883,237	30.51
Less-than-carload Freight	1,627,184	1,292,196	334,988	25.92
Total Freight Revenue	29,161,330	24,543,962	4,617,368	18.81
Passenger	1,580,086	1,745,284	165,198	9.47
Mail	831,318	653,354	177,964	27.24
Express	351,835	373,373	21,538	5.77
Milk	189,915	233,089	43,174	18.52
Other Passenger-train Service	75,000	88,181	13,181	14.95
Switching	85,305	71,552	13,753	19.22
Demurrage	72,052	75,349	3,297	4.38
Telegraph and Telephone	67,070	55,629	11,441	20.57
Ore Dockage Charges	135,293	104,931	30,362	28.94
Joint Facility—Net	150,606	150,399	207	.14
All Other	188,676	171,802	16,874	9.82
Total Operating Revenue	\$32,888,486	\$28,266,905	\$ 4,621,581	16.35

OPERATING EXPENSES

	Year 1947	Year 1946	Increase or Amount	Decrease Per Cent
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 278,308	\$ 232,589	\$ 45,719	19.66
Roadway Maintenance.....	705,365	664,813	40,552	6.10
Tunnels and Subways.....	985	172	813	472.67
Bridges, Trestles and Culverts.....	85,211	115,244	30,033	26.06
Ties.....	862,939	726,452	136,487	18.79
Rails.....	120,766	138,191	17,425	12.61
Other Track Material.....	178,145	162,620	15,525	9.55
Ballast.....	124,785	92,075	32,710	35.53
Track Laying and Surfacing.....	1,818,222	1,704,097	114,125	6.70
Fences, Snowsheds, and Signs.....	86,516	80,524	5,992	7.44
Station and Office Buildings.....	181,207	156,137	25,070	16.06
Roadway Buildings.....	4,379	2,593	1,786	68.88
Water Stations.....	46,907	51,420	4,513	8.78
Fuel Stations.....	17,131	21,483	4,352	20.26
Shops and Enginehouses.....	106,587	90,031	16,556	18.39
Wharves and Docks.....		27	27	100.00
Telegraph and Telephone Lines.....	111,661	97,730	13,931	14.25
Signals and Interlockers.....	25,195	28,430	3,235	11.38
Power Plants.....	1,527	1,402	125	8.92
Power Transmission Systems.....	713	1,622	909	56.04
Road Property—Depreciation.....	477,600	472,191	5,409	1.15
Retirements—Road.....	19,299	8,453	10,846	128.31
Roadway Machines.....	106,550	81,358	25,192	30.96
Dismantling Retired Road Property.....	14,364	9,396	4,968	52.87
Small Tools and Supplies.....	66,249	53,189	13,060	24.55
Removing Snow, Ice and Sand.....	240,521	291,236	50,715	17.41
Public Improvements—Maintenance.....	60,859	40,386	20,473	50.69
Injuries to Persons.....	44,050	102,942	58,892	57.21
Insurance.....	9,998	9,921	77	.78
Stationery and Printing.....	5,495	4,229	1,266	29.94
Other Expenses.....	18,565	3,085	15,480	501.78
Maintaining Jt. Trks., Yds. and Other Fac.—Dr.....	166,268	175,069	8,801	5.03
Maintaining Jt. Trks., Yds. and Other Fac.—Cr.....	20,409	13,183	7,226	54.81
Right-of-Way Expenses.....	10,269	2,906	7,363	253.37
Total.....	\$ 5,976,227	\$ 5,608,830	\$ 367,397	6.55
Ratio of M of W & S Expenses to Revenues.....	18.17	19.84	1.67	.....

MAINTENANCE OF EQUIPMENT:

	\$	\$	\$	
Superintendence.....	114,040	106,112	7,928	7.47
Shop Machinery.....	87,999	74,497	13,502	18.12
Power Plant Machinery.....	26,363	17,782	8,581	48.26
Shop and Power Plant Mach.—Depreciation.....	15,453	14,946	507	3.39
Dismantling Retired Shop & P. P. Machinery.....	79	345	266	77.10
Steam Locomotives—Repairs.....	1,829,778	1,647,285	182,493	11.08
Other Locomotives—Repairs.....	19,763	16,572	3,191	19.26
Freight Train Cars—Repairs.....	1,878,333	1,738,523	139,810	8.04
Passenger Train Cars—Repairs.....	448,104	386,601	61,503	15.91
Work Equipment—Repairs.....	72,276	78,958	6,682	8.46
Miscellaneous Equipment—Repairs.....	9,407	8,208	1,199	14.61
Dismantling Retired Equipment.....	3,816	1,384	2,432	175.72
Retirements—Equipment.....	3,187	2,778	409	14.72
Equipment—Depreciation.....	736,440	718,269	18,171	2.53
Injuries to Persons.....	24,791	19,096	5,695	29.82
Insurance.....	10,388	8,910	1,478	16.59
Stationery and Printing.....	3,912	2,936	976	33.24
Other Expenses.....	682	1,598	916	57.32
Joint Maint. of Equip. Expenses—Dr.....	42,989	37,550	5,439	14.48
Joint Maint. of Equip. Expenses—Cr.....	2,872	1,795	1,077	60.00
Total.....	\$ 5,318,554	\$ 4,874,999	\$ 443,555	9.10
Ratio of M. of Equip. Expenses to Revenues.....	16.17	17.25	1.08	.....

OPERATING EXPENSES

Continued

	Year 1947	Year 1946	Increase or Amount	Decrease Per Cent
TRAFFIC EXPENSES:				
Superintendence.....	\$ 233,818	\$ 205,102	\$ 28,716	14.00
Outside Agencies.....	319,747	282,334	37,413	13.25
Advertising.....	55,298	31,939	23,359	73.14
Traffic Associations.....	19,242	15,736	3,506	22.28
Industrial and Immigration Bureaus.....	7,686	4,660	3,026	64.94
Insurance.....	96	78	18	23.08
Stationery and Printing.....	33,536	34,158	622	1.82
Total.....	\$ 669,423	\$ 574,007	\$ 95,416	16.62
Ratio of Traffic Expenses to Revenues.....	2.04	2.03	.01	.....

TRANSPORTATION EXPENSES:

Superintendence.....	\$ 285,282	\$ 284,414	\$ 868	.31
Dispatching Trains.....	154,761	149,344	5,417	3.63
Station Employees.....	2,047,645	1,940,013	107,632	5.55
Weighing Insp. and Dem. Bureaus.....	24,632	21,376	3,256	15.23
Station Supplies and Expenses.....	127,996	113,057	14,939	13.21
Yard Masters and Yard Clerks.....	262,202	244,653	17,549	7.17
Yard Conductors and Brakemen.....	616,407	586,045	30,362	5.18
Yard Switch and Signal Tenders.....	27,132	25,363	1,769	6.97
Yard Enginemen.....	325,792	321,726	4,066	1.26
Yard Motormen.....	79,644	73,114	6,530	8.93
Yard Switching Fuel.....	259,009	226,135	32,874	14.54
Water for Yard Locomotives.....	11,394	10,896	498	4.57
Lubricants for Yard Locomotives.....	7,954	7,402	552	7.46
Other Supplies for Yard Locomotives.....	4,245	4,110	135	3.28
Enginehouse Expenses—Yard.....	137,935	142,759	4,824	3.38
Yard Supplies and Expenses.....	8,429	7,687	742	9.65
Opr. Joint Yard and Terminals—Dr.....	623,945	573,513	50,432	8.79
Opr. Joint Yards and Terminals—Cr.....	39,614	28,255	11,359	40.20
Train Enginemen.....	1,494,247	1,490,705	3,542	.24
Train Motormen.....	13,141	95	13,046	.....
Train Fuel.....	2,650,809	2,440,515	210,294	8.62
Water for Train Locomotives.....	99,864	94,334	5,530	5.86
Lubricants for Train Locomotives.....	57,021	53,167	3,854	7.25
Other Supplies for Train Locomotives.....	30,287	29,448	839	2.85
Enginehouse Expenses—Train.....	427,156	339,682	87,474	25.75
Trainmen.....	2,130,468	2,063,743	66,725	3.23
Train Supplies and Expenses.....	889,613	782,532	107,081	13.68
Operating Sleeping Cars.....	47,247	52,655	5,408	10.27
Signal and Interlocker Operation.....	82,812	78,705	4,107	5.22
Crossing Protection.....	48,782	43,038	5,744	13.35
Telegraph and Telephone Operation.....	65,719	54,582	11,137	20.40
Stationery and Printing.....	50,686	41,535	9,151	22.03
Other Expenses.....	161,276	77,285	83,991	108.68
Operating Jt. Trks. and Facilities—Dr.....	113,755	107,155	6,600	6.16
Operating Jt. Trks. and Facilities—Cr.....	24,124	20,283	3,841	18.94
Insurance.....	4,615	4,306	309	7.18
Clearing Wrecks.....	62,929	45,312	17,617	38.88
Damage to Property.....	20,984	7,737	13,247	171.22
Damage to Live Stock on R. of W.....	16,992	14,706	2,286	15.54
Loss and Damage—Freight.....	189,212	128,825	60,387	46.88
Loss and Damage—Baggage.....	194	340	146	42.94
Injuries to Persons.....	184,477	161,865	22,612	13.97
Total.....	\$13,782,952	\$12,795,336	\$ 987,616	7.72
Ratio of Transportation Expense to Revenues.....	41.91	45.27	3.36	.....

MISCELLANEOUS OPERATIONS:

Dining and Buffet Service.....	\$ 204,603	\$ 171,450	\$ 33,153	19.34
Ratio of Misc. Operations to Revenues.....	.62	.60	.02	.....

OPERATING EXPENSES

Continued

	Year 1947	Year 1946	Increase or Amount	Decrease Per Cent
GENERAL EXPENSES:				
Sal. & Exp. of General Officers.....	\$ 124,482	\$ 111,585	\$ 12,897	11.56
Sal. & Exp. of Clerks and Attendants.....	572,618	544,852	27,766	5.10
General Office Supplies and Expenses.....	55,710	37,333	18,377	49.22
Law Expenses.....	88,491	71,281	17,210	24.14
Insurance.....	380	400	20	5.00
Pensions.....	12,285	12,355	70	.57
Stationery and Printing.....	24,971	24,897	74	.30
Valuation Expenses.....	152	1,163	1,011	86.93
Other Expenses.....	52,812	52,399	413	.79
General Joint Facilities—Dr.....	7,715	7,113	602	8.46
General Joint Facilities—Cr.....	2,788	1,988	800	40.24
Total.....	\$ 936,828	\$ 861,390	\$ 75,438	8.76
Ratio of General Expenses to Revenues.....	2.85	3.05	.20	.....
Railway Operating Expenses.....	\$26,888,587	\$24,886,012	\$ 2,002,575	8.05
Ratio of Operating Expenses to Revenues.....	81.76	88.04	6.28	.....

THE SOO LINE DOLLAR

	1947 (cents)	1946
Income:		
Grain.....	25.1	23.4
Other Products of Agriculture.....	4.5	5.5
Animals and Products.....	2.2	2.6
Products of Mines.....	13.6	14.4
Products of Forests.....	8.7	8.9
Manufactures and Miscellaneous.....	22.3	19.8
Less than Carload.....	4.5	4.1
Passenger-train Service.....	8.4	9.9
Incidental.....	1.9	2.0
Rents from Equipment and Joint Facilities.....	7.9	8.5
Other Income.....	.9	.9
Total.....	100.0	100.0
Spent for:		
Wages.....	48.7	50.3
Taxes for Employees Retirement and Unemployment Funds.....	3.8	3.1
All other taxes.....	6.1	3.5
Fuel, rail, ties and other track materials.....	11.3	11.9
Depreciation.....	3.4	3.9
Other Operating Expenses.....	11.2	13.8
Interest and Sinking Fund.....	2.8	3.5
Rents from Equipment and Joint Facilities.....	9.0	9.4
Miscellaneous.....	.4	.1
Total.....	96.7	99.5
Remainder available for other corporate purposes.....	3.3	.5

COMPARATIVE STATEMENT OF REVENUES AND EXPENSES

REVENUES

Year Ended December 31

	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938
Freight.....	\$29,161,330	\$24,543,962	\$24,588,804	\$26,075,774	\$22,935,576	\$20,177,264	\$17,663,263	\$15,208,573	\$13,254,476	\$11,667,245
Passenger.....	1,580,086	1,745,284	1,906,743	1,949,462	1,761,256	1,031,452	657,090	652,228	808,078	790,780
Mail.....	831,318	653,354	603,882	619,970	615,126	617,895	625,416	619,170	634,088	636,153
Express.....	351,835	373,373	428,528	382,061	327,016	222,973	137,930	124,181	117,252	116,429
Miscellaneous.....	500,826	543,220	552,400	496,973	452,363	367,527	358,572	286,598	281,926	284,967
Incidental.....	463,091	407,712	389,432	362,146	352,821	300,911	289,640	246,829	249,270	197,144
Total.....	32,888,486	28,266,905	28,469,789	29,886,386	26,444,158	22,718,022	19,731,911	17,137,579	15,345,090	13,692,718

EXPENSES

Maintenance of Way and Structures.....	5,976,227	5,608,830	4,693,232	4,848,273	4,579,550	3,700,300	3,481,240	2,935,535	2,625,302	2,214,324
Maintenance of Equipment.....	5,318,554	4,874,999	5,304,848	4,819,516	4,379,242	3,999,802	3,470,755	2,682,768	2,667,320	2,669,510
Traffic Expenses.....	669,423	574,007	481,621	408,660	478,570	456,788	428,825	418,095	414,144	400,094
Transportation Expenses.....	13,782,952	12,795,336	10,815,950	10,580,518	9,360,110	8,179,482	7,432,759	6,709,801	6,449,749	6,239,979
Miscellaneous Operations.....	204,603	171,450	117,820	113,882	115,710	79,584	75,636	65,087	79,820	70,461
General Expenses.....	936,828	861,390	724,296	726,991	714,925	660,940	642,309	574,418	577,133	569,702
Transportation for Investment—Cr.....							31,493	26,268	13,857	19,814

Total.....	\$26,888,587	\$24,886,012	\$22,137,767	\$21,497,840	\$19,628,107	\$17,076,896	\$15,500,031	\$13,359,436	\$12,799,611	\$12,144,256
Percentage of Expenses to Earnings.....	81.8	88.0	77.8	71.9	74.2	75.2	78.5	77.9	83.4	88.7
Net Revenue from Ry. Operations.....	\$ 5,999,899	\$ 3,380,893	\$ 6,332,022	\$ 8,388,546	\$ 6,816,051	\$ 5,641,126	\$ 4,231,880	\$ 3,778,143	\$ 2,545,479	\$ 1,548,462
Railway Tax Accruals.....	3,566,226	2,066,068	3,603,529	2,840,791	1,815,912	1,569,512	1,464,717	1,273,346	1,230,813	1,231,308
Railway Operating Income.....	2,433,673	1,314,825	2,728,493	5,547,755	5,000,139	4,071,614	2,767,163	2,504,797	1,314,666	317,154
Hire of Equipment—Net.....	186,243	70,412	433,608	302,237	336,085	99,064	160,290	310,213	307,198	310,054
Joint Facility Rents—Net Dr.....	214,251	220,345	337,866	139,823	193,132	186,244	293,304	158,306	164,495	161,996
Net Railway Operating Income.....	2,033,179	1,018,068	2,804,235	5,710,169	5,141,092	3,984,434	2,313,569	2,036,278	842,973	154,896
Non-Operating Income—Net.....	154,616	231,337	128,527	139,529	105,426	13,246	130,608	131,677	149,998	173,300
Income Before Fixed and Contingent Charges.....	2,187,795	1,249,405	2,932,762	5,849,698	5,246,518	3,971,188	2,444,177	2,167,955	992,971	18,404
Fixed Charges.....	4,557	4,747	6,502	4,405,359	6,587,071	6,604,783	6,606,813	6,596,754	6,625,356	6,656,714
Contingent Charges.....	1,000,238	1,090,470	1,171,827	406,031						
Net Income or Deficit.....	\$ 1,183,000	\$ 154,188	\$ 1,754,433	\$ 1,038,308	\$ 1,340,553	\$ 2,633,595	\$ 4,162,636	\$ 4,428,799	\$ 5,632,385	\$ 6,638,310

Date of Reorganization September 1, 1944

GRAIN MOVEMENT

Annual movement of grain in bushels, beginning with 1924, separated between that originated on line and that received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head-of-the-Lakes.

(ooo omitted from bushels)							
	Originated on Line		Total	Received from		Other	
	Jan. 1 to July 31	Aug. 1 to Dec. 31		Connections	Total	Movements	Total
1924.....	12,299	46,441	58,740	2,173	60,913	5,736	66,649
1925.....	17,673	37,944	55,617	2,182	57,799	5,136	62,935
1926.....	14,935	18,272	33,207	1,930	35,137	5,939	41,076
1927.....	10,410	36,716	47,126	1,698	48,824	6,072	54,896
1928.....	16,145	38,275	54,420	1,774	56,194	8,950	65,144
1929.....	16,625	20,725	37,350	1,297	38,647	7,168	45,815
1930.....	11,087	26,625	37,712	1,407	39,119	4,689	43,808
1931.....	13,652	7,801	21,453	730	22,183	3,185	25,368
1932.....	3,705	13,207	16,912	747	17,659	2,720	20,379
1933.....	10,558	10,021	20,579	645	21,224	3,409	24,633
1934.....	6,394	4,954	11,348	1,996	13,344	5,534	18,878
1935.....	3,105	14,046	17,151	927	18,078	4,201	22,279
1936.....	6,379	3,517	9,896	1,112	11,008	3,871	14,879
1937.....	2,147	12,427	14,574	587	15,161	3,706	18,867
1938.....	4,859	15,058	19,917	916	20,833	4,719	25,552
1939.....	7,941	17,625	25,566	1,594	27,160	3,104	30,264
1940.....	10,886	18,766	29,652	7,831	37,483	2,447	39,930
1941.....	13,549	26,165	39,714	3,433	43,147	5,127	48,274
1942.....	16,941	29,854	46,795	1,642	48,437	4,073	52,510
1943.....	26,953	38,110	65,063	14,228	79,291	10,136	89,427
1944.....	34,453	34,399	68,852	34,578	103,430	6,743	110,173
1945.....	30,437	45,748	76,185	3,692	79,877	8,832	88,709
1946.....	26,769	32,417	59,186	1,477	60,663	6,883	67,546
1947.....	24,065	39,540	63,605	1,752	65,357	6,191	71,548

STATISTICS

Operating Factors		Year 1947	Year 1946	Increase or Decrease Amount Per Cent	
Freight Train Load:					
Gross tons per train—Steam.....		1,716	1,707	9	.53
Diesel.....		2,305	.....	2,305	.....
Average.....		1,724	1,707	17	1.00
Net tons per carload.....		30.9	31.1	.2	.64
Freight train fuel consumption per 1000 gross ton miles:					
Pounds of coal	Steam.....	112	113	1	.88
Gallons of fuel oil	Diesel.....	1.7	.....	1.7	.....
Freight train fuel cost per 1000 gross ton miles:					
Steam.....		\$.3544	\$.3354	\$.0190	5.67
Diesel.....		\$.1670	.....	\$ .1670	.....
Average.....		\$.3520	\$ 33.54	\$.0166	4.95
Freight train speed: "					
Steam.....		16.8	16.7	.1	.60
Diesel.....		21.6	.....	21.6	.....
Average.....		16.8	16.7	.1	.60
Gross ton miles per freight train hour:					
Steam.....		28,286	28,048	238	.85
Diesel.....		49,766	.....	49,766	.....
Average.....		28,507	28,048	459	1.64

STATISTICS

Continued

	Year 1947	Year 1946	Increase or Amount or Number	Decrease Per Cent
Average miles of road operated	3,223.83	3,224.21	.38	.01
TRAIN MILES (Revenue Service)				
Freight service	3,487,732	3,432,256	55,476	1.62
Passenger service	1,886,187	1,893,091	6,904	.36
Total train miles	5,373,919	5,325,347	48,572	.91
LOCOMOTIVE MILES (Revenue Service)				
Freight service	3,535,117	3,478,855	56,262	1.62
Passenger service	1,923,655	1,924,656	1,001	.05
Switching service—road and yard	1,170,000	1,028,868	141,132	13.72
Total locomotive miles	6,628,772	6,432,379	196,393	3.05
CAR MILES (Revenue Service)				
Freight:				
Loaded	84,746,486	81,806,221	2,940,265	3.59
Empty	46,491,690	46,587,466	95,776	.21
Caboose	2,787,323	2,738,889	48,434	1.77
Total	134,025,499	131,132,576	2,892,923	2.21
Passenger:				
Coaches	2,788,273	3,255,967	467,694	14.36
Sleeping and parlor	3,047,812	2,743,457	304,355	11.09
Other	6,349,806	6,442,770	92,964	1.44
Total	12,185,891	12,442,194	256,303	2.06
Total car miles	146,211,390	143,574,770	2,636,620	1.84
GROSS TON MILES				
Freight service—cars and contents	6,011,859,730	5,857,872,650	153,987,080	2.63
Passenger service—cars only	738,933,315	742,174,181	3,240,866	.44
Total ton miles	6,750,793,045	6,600,046,831	150,746,214	2.28
FREIGHT TRAFFIC				
Freight revenue	\$29,161,330	\$24,543,962	\$4,617,368	18.81
Number of carloads	296,723	282,889	13,834	4.89
Tons—revenue freight	11,137,359	10,577,904	559,455	5.29
Ton miles—revenue freight	2,621,768,500	2,540,980,921	80,787,579	3.18
Averages Per Mile of Road				
Freight revenue	\$ 9.046	\$ 7.612	\$ 1.434	18.84
Train miles	1,082	1,065	17	1.60
Total freight train car miles	41,573	40,671	902	2.22
Ton miles—revenue freight	813,247	788,094	25,153	3.19
Averages Per Train Mile				
Freight revenue	\$ 8.36	\$ 7.15	\$ 1.21	16.92
Average number of freight cars—loaded	24.3	23.8	.5	2.10
Average number of freight cars—empty	13.3	13.6	.3	2.21
Average number of freight cars—total	38.4	38.2	.2	.52
Average number of tons of revenue freight	751.7	740.3	11.4	1.54
Gross ton miles	1,723.7	1,706.7	17.0	1.00
Averages Per Loaded Car Mile				
Freight revenue (cents)	34.4	30.0	4.4	14.67
Average number of tons of revenue freight	30.9	31.1	.2	.64
Miscellaneous Averages				
Revenue per ton of freight	\$ 2.62	\$ 2.32	\$.30	12.93
Revenue per ton mile of freight (cents)	1.11	0.97	.14	14.43
Miles hauled—revenue freight	235.4	240.2	4.8	2.00

STATISTICS

Continued

	Year 1947	Year 1946	Increase or Amount or Number	Decrease Per Cent
Classification of Revenue Tonnage Carried				
Grain.....	1,808,017	1,719,174	88,843	5.17
Products of agriculture—all other.....	466,912	550,796	83,884	15.23
Animals and products.....	127,039	145,509	18,470	12.69
Products of mines.....	4,143,699	3,772,232	371,467	9.85
Products of forests.....	1,971,126	2,080,119	108,993	5.24
Manufactures and miscellaneous.....	2,479,643	2,163,930	315,713	14.59
Total carload freight.....	10,996,436	10,431,760	564,676	5.41
Less carload freight.....	140,923	146,144	5,221	3.57
Total carload and LCL freight.....	11,137,359	10,577,904	559,455	5.29
PASSENGER TRAFFIC				
Passenger revenue.....	\$ 1,580,086	\$ 1,745,284	\$ 165,198	9.47
Passenger service train revenue.....	\$ 3,028,154	\$ 3,093,280	\$ 65,126	2.11
Revenue passengers carried.....	422,105	528,133	106,028	20.08
Revenue passenger miles.....	85,779,800	94,698,406	8,918,606	9.42
Averages Per Mile of Road				
Passenger revenue.....	\$ 490	\$ 541	\$ 51	9.43
Passenger service train revenue.....	\$ 939	\$ 959	\$ 20	2.09
Train miles.....	585	587	2	.34
Total passenger train car miles.....	3,780	3,859	79	2.05
Revenue passenger miles.....	26,608	29,371	2,763	9.41
Averages Per Train Mile				
Passenger revenue.....	\$.84	\$.92	\$.08	8.70
Passenger service train revenue.....	\$ 1.61	\$ 1.63	\$.02	1.23
Average number of passenger cars.....	6.5	6.6	.1	1.52
Average number of passengers.....	45.5	50.0	4.5	9.00
Averages Per Car Mile—Passenger				
Passenger revenue (cents).....	27.1	29.1	2.0	6.87
Average number of passengers.....	14.7	15.8	1.1	6.96
Miscellaneous Averages				
Revenue per passenger.....	\$ 3.74	\$ 3.30	\$.44	13.33
Revenue per passenger mile (cents).....	1.84	1.84	.....	.....
Miles carried—revenue passengers.....	203.2	179.3	23.9	13.33
TOTAL TRAFFIC				
Operating revenue.....	\$32,888,486	\$28,266,905	\$ 4,621,581	16.35
Operating expenses.....	\$26,888,587	\$24,886,012	\$ 2,002,575	8.05
Net operating revenue.....	\$ 5,999,899	\$ 3,380,893	\$ 2,619,006	77.46
Averages Per Mile of Road				
Train miles.....	1,667	1,652	15	.91
Car miles.....	45,353	44,530	823	1.85
Operating revenue.....	\$ 10,202	\$ 8,767	\$ 1,435	16.37
Operating expenses.....	\$ 8,341	\$ 7,718	\$ 623	8.07
Net operating revenue.....	\$ 1,861	\$ 1,049	\$ 812	77.41
Averages Per Train Mile				
Operating revenue.....	\$ 6.12	\$ 5.30	\$.82	15.47
Operating expenses.....	\$ 5.00	\$ 4.67	\$.33	7.07
Net operating revenue.....	\$ 1.12	\$.63	\$.49	77.78

COMPARISON OF PERCENTS OF REVENUE TONNAGE CARRIED WITH REVENUES EARNED

	TONS—%		REVENUES—%	
	1947	1946	1947	1946
Grain.....	16.23	16.25	30.97	29.76
Products of agriculture—all other.....	4.19	5.21	5.58	6.94
Animals and products.....	1.14	1.38	2.74	3.32
Products of mines.....	37.21	35.66	16.79	18.27
Products of forests.....	17.70	19.66	10.72	11.30
Manufactures and miscellaneous.....	22.26	20.46	27.63	25.15
Total carload freight.....	98.73	98.62	94.43	94.74
Less carload freight.....	1.27	1.38	5.57	5.26
Total carload and LCL freight.....	100.00	100.00	100.00	100.00

EQUIPMENT OWNED

	Jan. 1st 1947	Addi- tions	Deduc- tions	Dec. 31st 1947
STEAM LOCOMOTIVES				
Steam Locomotives—Road	152	0	4	148
Steam Locomotives—Switch	14	0	0	14
Total Steam Locomotives	166	0	4	162
OTHER LOCOMOTIVES				
Diesel Locomotives—Road Freight	0	1	0	1
Diesel Locomotives—Road-Switch	0	6	0	6
Diesel Locomotives—Switch	5	0	0	5
Total Other Locomotives	5	7	0	12
FREIGHT-TRAIN CARS				
Automobile cars	621	0	9	612
Ballast cars	236	0	24	212
Box cars	5,588	0	423	5,165
Caboose cars	130	0	2	128
Flat cars	373	0	6	367
Gondola cars	498	0	0	498
Hopper cars—closed top	7	0	0	7
Hopper cars—open top	200	0	0	200
Ore cars	1,111	0	0	1,111
Stock cars	395	0	0	395
Tank cars	*4	0	0	*4
Total Freight-Train Cars	9,163	0	464	8,699
PASSENGER-TRAIN CARS				
Baggage cars	29	0	0	29
Baggage and smoking cars	1	0	0	1
Coach-Caboose	1	0	0	1
Dining cars	4	0	0	4
Mail and Express cars	28	0	1	27
Mail, Express and Coach	6	0	0	6
Passenger coaches	38	0	0	38
Coach-Cafe-Lounge	2	0	0	2
Passenger and baggage cars	6	0	0	6
Sleeping cars	5	0	0	5
Tourist cars	6	0	0	6
Sleeping-Restaurant and Lounge	2	0	0	2
Drovers cars	5	0	0	5
Total Passenger-Train Cars	133	0	1	132
WORK EQUIPMENT				
	222	2	7	217
MISCELLANEOUS EQUIPMENT				
	**21	5	3	**23

*Tanks owned by Gedney Pickle Co. mounted on four flat cars owned by this company.

**Includes 2 automobiles owned jointly with N. P. Ry. Co.

ROAD AND EQUIPMENT PROPERTY

Year Ended December 31, 1917

Account	Expenditures for Additions and Betterments	Net Increase in Investment Account (After deducting cost of Property retired)
Engineering.....	\$ 3,850	\$ 979
Land for Transportation Purposes.....	487	16
Other Right-of-Way Expenditures.....	959	128
Grading.....	38,125	37,335
Bridges, Trestles and Culverts.....	110,458	79,090
Ties.....	14,554	12,263
Rails.....	51,312	47,321
Other Track Material.....	142,303	137,434
Ballast.....	9,364	8,900
Track Laying and Surfacing.....	37,088	34,289
Fences, Snowsheds and Signs.....	6,052	5,216
Station and Office Buildings.....	61,196	12,175
Roadway Buildings.....	4,507	4,352
Water Stations.....	15,055	19,213
Fuel Stations.....	28,567	27,221
Shops and Enginehouses.....	84,606	82,002
Telegraph and Telephone Lines.....	3,494	3,226
Signals and Interlockers.....	14,078	12,989
Power Transmission Systems.....	87	96
Roadway Machines.....	31,551	29,587
Roadway Small Tools.....	1,348	1,348
Public Improvements—Construction.....	15,210	13,503
Shop Machinery.....	37,795	34,242
Power Plant Machinery.....	5,743	5,743
Total expenditures for road.....	717,615	568,060
Steam Locomotives.....	28,982	53,184
Other Locomotives.....	1,070,297	1,070,297
Freight-train Cars.....	97,499	423,342
Passenger-train Cars.....	14,664	5,590
Work Equipment.....	5,038	538
Miscellaneous Equipment.....	7,417	4,050
Total expenditures for equipment.....	1,223,897	602,873
Organization Expenses.....	1,707	1,707
General Officers and Clerks.....		990
Law.....		603
Stationery and Printing.....		72
Taxes.....		338
Interest during Construction.....		11,232
Other Expenditures—General.....		221
Total General Expenditures.....	1,707	11,749
Grand Total.....	\$1,943,219	\$1,159,184

RAIL RELAID

90 pound rail installed in Main Tracks.....	36.86 miles
Second hand 80 pound rail installed in Main Tracks.....	10.70 miles
Second hand rail installed in Other Tracks.....	4.74 miles

MILES OF ROAD OPERATED, DECEMBER 31, 1947

SOLELY OWNED

Minnesota Division

		Miles
Portal, N. D.	to Minneapolis, Minn., W. Switch, Humboldt Yard	543.85
Whitetail, Mont.	to Flaxton, N. D.	136.63
Sanish, N. D.	to Prairie Junction, N. D.	32.80
Plaza, N. D.	to Max, N. D.	35.63
Max, N. D.	to Drake, N. D.	48.11
Max, N. D.	to Hankinson, N. D.	304.32
Pollock, S. D.	to Wishek, N. D.	70.73
Grenville, S. D.	to Fairmount, N. D.	83.62
Total Minnesota Division		1,255.69

Winnipeg Division

Noyes, Minn.	to Glenwood, Minn.	265.05
Kenmare, N. D.	to Dakota Junction, Minn.	296.44
Armourdale, N. D.	to Egeland, N. D.	21.86
Drake, N. D.	to Fordville, N. D.	130.43
Total Winnipeg Division		713.78

Minneapolis-Duluth Division

Minneapolis, Minn., 5th Avenue North	to W. Switch, Humboldt Yard	4.74
Minneapolis, Minn., Camden Place	to Weyerhauser, Wis.	112.86
Minneapolis, Minn., Columbia Heights	to Hilo Junction	1.09
St. Paul, Minn.	to Cardigan Junction, Minn.	8.13
Dresser Jct., Wis.	to Superior, Wis., 28th Street	103.31
Superior, Wis., 12th Street Junction	to Interstate Bridge	1.89
Duluth, Minn., Interstate Bridge	to 10th Ave., Freight House	1.39
Summit, Wis.	to St. Croix Falls, Wis.	2.04
Ridgeland, Wis.	to Barron, Wis.	18.52
Rice Lake, Wis.	to Cameron, Wis.	6.84
Superior, Wis.	to Conn. with N. P. Ry.	.68
Plummer, Minn.	to Moose Lake, Minn.	192.29
Lawler, Minn.	to East Lake, Minn.	6.51
Ironton, Minn.	to Crosby, Minn.	1.01
Boylston Jct., Wis.	to Broton, Minn.	175.89
McGregor, Minn.	to Conn. with N. P. Ry.	.06
Total Minneapolis-Duluth Division		637.25

Gladstone Division

Weyerhauser, Wis.	to Sault Ste. Marie, Mich.	378.71
Wisconsin Jct., Wis.	to Winnebago Junction, Wis.	118.76
Appleton, Wis., North Wye	to End of track	1.07
Rapid River, Mich.	to Eben Junction, Mich.	30.54
Total Gladstone Division		529.08
Total Solely Owned		3,135.80

JOINTLY OWNED

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. Ry. Co.	1.72
Minneapolis, Minn.—Joint with N. P. Ry.	.88
Bemidji, Minn.—Joint with N. P. Ry.	.19
Deerwood, Minn., to Cuyuna Range Mines—Joint with N. P. Ry.	20.96
Total Jointly Owned	23.75
Total Mileage Owned and Operated	3,159.55

MILES OF ROAD OPERATED, DECEMBER 31, 1947

Continued

Total Mileage Owned and Operated..... 3,159.55

TRACKAGE RIGHTS

Over Wisconsin Central Railway

Superior, Wis., 28th Street.....	to Tower Avenue.....	3.33
Duluth, Minn., Berwind Jct.....	to 6th Avenue.....	4.71
Winnebago Jct., Wis.....	to Menasha, Wis.....	4.25
Ladysmith, Wis.....		<u>.86</u>
Total Over W. C. Ry.....		13.15

Joint With Wisconsin Central Railway

St. Paul, Minn.....	N. P. Ry., Soo Line Jct. to 3rd St.....	2.42
	St. P. U. D. Co., 3rd St. to Sibley St.....	.85
	C. St. P. M. & O. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St.....	.79
	C. M. St. P. & P. R. R., Chestnut St. to Minneapolis, Minn.....	10.54
Minneapolis, Minn.....	M. & St. L. Ry., 20th Ave. South to 4th Ave. North.....	.81
	N. P. Ry., 4th Ave. N. to 14th Ave. N....	.66
Superior, Wis.....	D. S. Br. Co., Superior, Wis., to Interstate Bridge.....	.54
	L. S. T. & T. Ry., Tower Ave.....	.43
	N. P. Ry., Grassy Point Line, Superior, Wis., to Duluth, Minn.....	1.96
Duluth, Minn.....	N. P. & C. St. P. M. & O., 8th to 15th Ave. West.....	<u>.37</u>
Total Joint with W. C. Ry.....		19.37

Other

Sault Ste. Marie, Mich.—Union Depot Co.....	.52
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52
Deerwood—McGregor, Minn.—N. P. Ry.....	30.95
Superior—Ore Dock Line & Hill Ave. Yard—N. P. Ry.....	<u>.47</u>
Total Other.....	32.46

Total Soo Line Mileage Operated..... 3,224.53

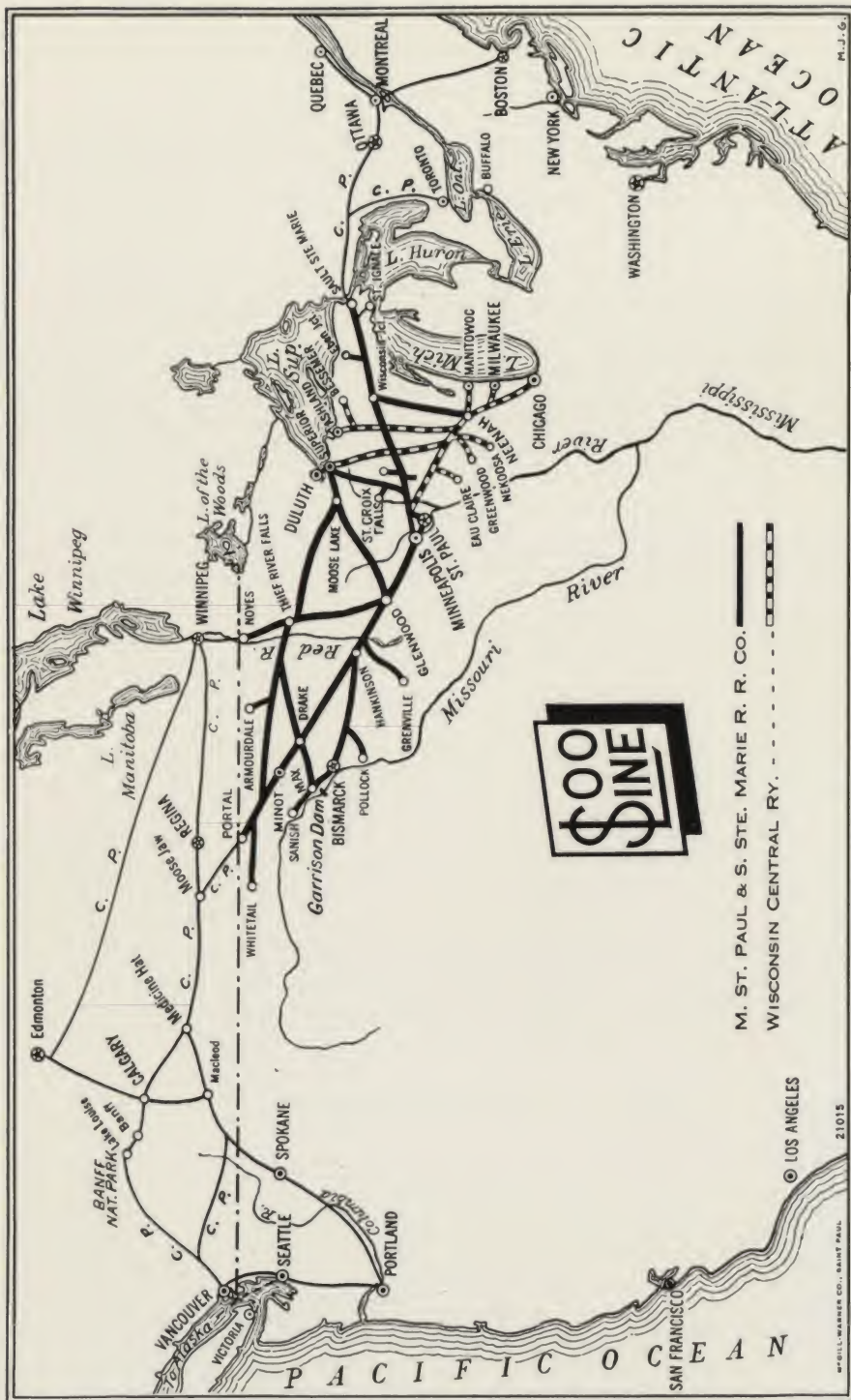
Mileage operated as Agent for Trustee of Wisconsin Central Ry. Co. 1,051.37

Less mileage common to both Soo Line and W. C. Ry. Co..... 78.07

Total System Mileage Operated..... 4,197.83

MILES OF ROAD OPERATED IN EACH STATE

	Soo Line	W. C. Ry. Co.	Less Common Soo Line- W. C. Ry. Co.	System
Montana.....	56.89			56.89
North Dakota.....	1,310.61			1,310.61
South Dakota.....	108.49			108.49
Minnesota.....	1,017.83	86.70	61.17	1,043.36
Wisconsin.....	506.67	873.17	16.90	1,362.94
Michigan.....	224.04	20.07		244.11
Illinois.....		71.43		71.43
Total.....	3,224.53	1,051.37	78.07	4,197.83



M. ST. PAUL & S. STE. MARIE R. R. CO.
 WISCONSIN CENTRAL RY.

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21015

WILLIAMS CO., BOSTON



